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# The CPA Examination Grading Process

by Thomas S. Watson, Jr.

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As long as one can remember there have been rumors among Certified Public Accountants and CPA candidates about the development of and grading of the CPA exam. As a member of the Ohio Accountancy Board, I quickly discovered that many of the rumors we believed about the Board's involvement in the process were wrong. The following is an attempt to describe the examination process. It is hoped that it will be of some benefit to future CPA candidates.

## Structure

The AICPA examination division is staffed by approximately sixteen full time professionals. Director Mitchell Rothkops brings in another 140 graders to serve for the two eight-week grading periods after each exam. In addition to these professionals and their related support staff, there are AICPA member volunteers that serve as the Board of Examiners and its subcommittees for accounting practice, accounting theory, auditing, business law and grading. These volunteers are appointed annually by the Chairman of the Board of the AICPA.

The Board of Examiners and its subcommittees, with the help of the staff, write, evaluate and grade the uniform CPA examinations. The examinations are administered by the accountancy board of each state and/or territory of the USA.

State accountancy boards are usually appointed by the governor of the state and serve as state employees to "...promulgate...rules of professional conduct appropriate to establish and maintain a high standard of integrity and dignity in the profession of public accounting..." They set rules of

professional conduct, license practitioners and administer the CPA examination semiannually.

State accountancy boards are the final authority in the granting of CPA certificates. However, all U.S. states and territories use the uniform CPA examination and grading services of the AICPA. Some states have added extra sections to the exam that they must grade themselves. Those, however, are in addition to the uniform exam.

## Development

The development of the examination is a process that is completed up to one year before the candidates open their examination booklets and attempt to answer the questions. Each section is developed separately by the subcommittee responsible for that area of examination. Specific topics are selected, from an available list of approximately 500, on a random basis. Random topics are added to the basic concepts that are consistently tested. The unique combination of basic concepts and random topics becomes the CPA examination for a specific date.

The examination subcommittee writes summary answers for each question, highlighting the basic and sophisticated concepts that the candidate is expected to know. From this process the answer is formulated. The sub-committee then develops a question that is expected to elicit the desired answer. The same process is followed for each section of the exam.

When each section has been prepared by the subcommittee, the sections are put together by the Board of Examiners and the AICPA staff. The examination is then approved for printing and administration on a national basis at a

specific date.

## Distribution

The next function of the Division of Examinations is the distribution of these examinations, printed and sealed. They are boxed for distribution to the state boards based on the enrollment of CPA candidates by each state. The boxes are sealed and the seal is not broken until the day of the exam. Many states break the seal for each section, in full view of both the state accountancy board members and the CPA candidates writing that section. The same degree of care is employed by the Board of Examiners, its subcommittees and staff in the development, printing, and distribution of the examinations.

## Administration

The administration of the examinations, registration of CPA certificates, and monitoring of the examinations are the responsibility of the state boards of accountancy. They maintain full responsibility until the examinations are sealed in boxes and returned to the AICPA Division of Examination for grading.

In addition to the State Accountancy Board members and staff, students from area colleges are often employed to assist with the tremendous volume of registration, assembling of papers, and monitoring the CPA candidates.

## Evaluation

When the Division of Examinations receives examination papers from the state boards, the grading process begins. However, before the grading criteria can be agreed upon, the graders test the difficulty of the examination. Approximately 1,000 papers are selected from the most populous states. These papers are graded using the answers expected and weights are assigned to the basic and sophisticated concepts. The results of the sample gradings are then evaluated, with an analysis of each problem in each section. If the passing rate for a given problem is lower than expected, difficulty points are given to all candidates that have written that problem.

Adjustments is only upward. Therefore it is possible to get help from a difficult problem, without losing the advantage of an easy one.

## Consistency

In addition to adjustments for problems that are unfairly difficult, the graders are concerned with consistency. There are four primary graders for each problem. It is therefore important that they be consistent among themselves if the grading is to be fair.

They attempt to achieve the requisite degree of consistency by each grading a batch of examination papers (thirty-three papers) and then exchanging them among themselves until they agree on the grading weights given to all. The rotation process wears down extremes of grader opinion and fosters as much unanimity of judgment as is possible.

### Grading

The grading process is done by educators and CPAs in practice. They are paid by the AICPA to work two eight-week sessions twice a year. Graders are all CPAs with the exception of a few graders for business law, who are attorneys. There are approximately 180 of them grading the four sections. Each section has a manager, four reviewers and forty graders. The process requires four reviews for all marginal papers. Any set of papers that has a cumulative score between 60 and 74 points, is considered marginal.

The initial grading is done by the graders who look at one problem each. When this process is complete, a reviewer looks at the total set of papers for a section. A reviewer works only with one specific section of the examination, and there are reviewers for each section who become expert in reviewing that specific area. (e.g. law, auditing, practice or theory). If the candidate's papers for a section, when accumulated by the reviewer, total a passing grade (75 or better) they are not reviewed again. However, if the total for a section falls between 60-74 or if any particular problem looks inconsistently low, the papers will be reviewed closely by the reviewer. In these cases, the reviewer can add discretionary points for neatness or writing clarity that may bring the candidate to a passing grade.

When the section reviews are finished the grades are summarized by candidate so that a candidate's total progress can be reviewed by managers. The papers are graded one state at a time to facilitate this process. As the managers look at the grades they select any section that has a marginal grade and perform an additional review. If a conditional credit for a passing grade in a particular section is a possibility the papers will be reviewed to give the candidate another opportunity for a passing grade.

Objective problems are treated in a similar manner even though they are graded by machine. The machine grades each objective answer sheet twice and prints out two grades that are then checked for consistency. A sample of the

objective answer sheets is also checked by hand using an overlay, in another effort to check the accuracy of the machine grading.

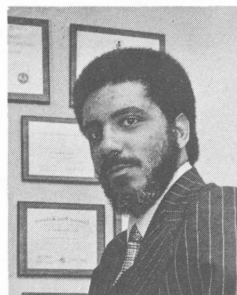
In the near future grading data and the data from the essay questions will be captured electronically. It is expected that EDP will enable the Board of Examiners to analyze trends and make other useful analyses that will improve the examination process.

When all is completed, the summaries of the examination results are reviewed by the Director of Examinations for inconsistencies or unusual circumstances. Any that he selects for review in this process are examined by him, in detail.

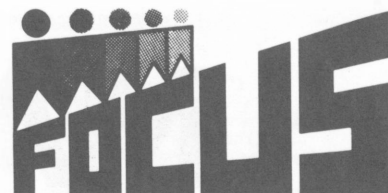
### Distribution

The director finishes his review and then the grades and examination papers are packaged and distributed to the state boards of accountancy. At the conclusion of the grading process the AICPA establishes a uniform release date for the grades so that every candidate will receive results on the same day.

When the state accountancy boards receive the grades and papers from the AICPA, they review them for clerical accuracy before they release the grades to the CPA candidates. The grades are then released to all candidates simultaneously. Most states inform the candidates of their examination results by letter. Some also call successful candidates by telephone on the grade release date.



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